



# Oregon

## Department of Consumer and Business Services

Insurance Division  
350 Winter St. NE, Room 440  
PO Box 14480  
Salem, OR 97301-0405  
(503) 947-7980  
FAX (503) 378-4351  
TTY (503) 947-7280  
[www.oregoninsurance.org](http://www.oregoninsurance.org)

### INSURANCE DIVISION BULLETIN INS 98-1

**DATE:** January 9, 1998

**TO:** All Title Insurers and Title Insurance Agents in Oregon

**SUBJECT:** Reductions of Refinance Escrow Rates to Induce Title Insurance Business

The purpose of this bulletin is to inform all title insurers and title insurance agents (title companies) in Oregon of our concern that recent filings of escrow rates for refinancing may violate statutory requirements and to ask that filed rates be changed as needed to conform to statutory requirements.

The Insurance Division last issued guidance to the title insurance industry on this subject on March 6, 1991. In that letter, we noted that the statute prohibiting rebates (ORB 746.045) prohibits the charging of an escrow rate that is less than the fully distributed cost of a service. We noted that normal filed refinancing rates were a minimum of \$150 to \$200 and that we had discovered that several title companies were offering filed rates of \$100. We also noted that title insurers or agents violating rebate prohibitions are subject to civil penalties under ORB 731.988. Increased rates were subsequently refiled.

Recently, however, the Division has received filings from some title companies that again reduce minimum escrow fees for refinancing from approximately \$150 to about \$100. Other filings have stated that "all escrow fees shall be negotiable" and that the "minimum escrow fee shall be zero."

Our understanding is that the costs to title companies, especially labor costs, have increased rather than decreased over time. Increased costs would justify maintaining or increasing escrow rates rather than decreasing them.

We are concerned that these recent reductions may cause a title company to charge a refinance escrow fee that is less than the cost to the title company for providing the service. We are also concerned that negotiation of fees may result in a title company charging different fees to similarly situated customers.

To ensure that filed minimum refinance escrow fees are not below fully distributed costs of service, we are asking all title companies to re file their escrow rates in accordance with OAR 836-080-0365, by January 31, 1998. Any title company that has a filed refinance escrow fee of less than \$150 after January 31, 1998 will be requested to justify the lower fee. That company may also be investigated or examined by the Insurance Division for compliance with all applicable laws and may be charged for the cost of such examination.

If you have any questions or need further assistance, please call Richard McGavock, Senior Policy Advisor, at (503) 947-7201 or fax him at (503) 378-4351.

\_\_\_\_\_(signed)\_\_\_\_\_  
**Nancy Ellison**  
Administrator